



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 23-0481
Prime Sponsors: Rep. Weissman

Date: February 3, 2023
Bill Status: House Trans, & Local Govt.
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Bill Topic: **LIMIT METROPOLITAN DISTRICT DIRECTOR CONFLICTS**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill establishes several restrictions on metropolitan district directors and the issuance of district debt. The bill minimally increases state and local government workload, and potentially impacts metropolitan district financing and costs.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill prohibits a metropolitan district director or board member who approved the issuance of debt from acquiring any interest in the debt individually, or on behalf of an organization. If a proposed metropolitan district contains zones for residential housing, a local government may not approve the service plan, if the plan permits the purchase of district debt which would confer a benefit or personal interest to a district director. Maintaining any interest in the debt is a breach of fiduciary duty and the public trust under the statutory code of ethics for local government officials and employees.

State Expenditures

Beginning in FY 2023-24, the Division of Local Government in the Department of Local Affairs (DOLA) may have a minimal increase in workload to update internal documents and public information sites related to the formation of metropolitan districts. In addition, trial courts within the Judicial Department may have an incremental increase in workload if additional cases are filed alleging a breach of fiduciary duty and public trust. This workload does not require new appropriations

Local Government

The bill impacts local governments in two primary ways: placing limits on metropolitan district directors and these districts' issuance of debt, and enforcement actions regarding breaches of fiduciary duties.

Metropolitan districts. Metropolitan districts will have workload to develop procedures to prevent conflicts under the bill. Legal service and insurance costs may increase to the extent that metropolitan districts are required to defend directors or pay for judgements against a director regarding a breach of fiduciary duty. Lastly, the bill restricts practices and methods of developer financing currently used by many metropolitan districts. By limiting who may purchase metropolitan district debt, the bill may hinder the ability of metropolitan districts to sell bonds or increase borrowing costs.

District attorneys. If district attorneys receive complaints related to a breach in fiduciary duties, workload will increase to investigate complaints and seek relief when appropriate.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties	Information Technology	Judicial
Local Affairs	Municipalities	OEDIT
Special Districts	Treasury	